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SUBJECT: THE DEPUTY SECRETARY'S MEETING WITH VICE FOREIGN  
MINISTER YACHI

Classified By: Deputy Secretary John Negroponte, for reason 1.4(B)/(D)

11. (C) Summary: The Abe Cabinet is committed to moving forward on extending the Anti-Terror Special Measures law despite the LDP's defeat in the Upper House election, Vice Foreign Minister Shotaro Yachi told Deputy Secretary Negroponte on August 3. The two agreed that the U.S.-Japan alliance was indispensable to the maintenance of peace and stability in the region. Ambassador Schieffer observed that the U.S. and Japan were making substantial progress in a bilateral, multi-agency effort to strengthen information security, which the Deputy Secretary noted will lead to greater sharing of sensitive information. VFM Yachi detailed a number of Japan's foreign policy priorities, including the concept of an arc of freedom and prosperity running from the Nordics to Mongolia. Yachi noted that PM Abe's visit to China as well as PM Wen's visit to Japan had provided "good direction" and that Japan-China relations were in "good shape," even though some problems continued to exist. End Summary.

LDP Defeat Unrelated to Foreign, Security Policies  
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12. (C) Vice Foreign Minister Shotaro Yachi welcomed the Deputy Secretary, noting his visit was timely, coming immediately after the Upper House elections. Yachi noted he had spoken with Prime Minister Abe on August 1. Based on that conversation, Yachi characterized the Upper House elections as a big defeat for PM Abe, the LDP and the coalition government, but emphasized that foreign policy and security policy were not issues in the campaign, nor did the Democratic Party of Japan (DPJ) raise any objections to these policies during the campaign. Instead, the dominant issue in the campaign was the pension issue, involving 50 million missing pension records. The second issue was economic and social disparities, including gaps rich and poor, between big cities and rural areas, and the working poor. The third issue was the politics and money problem; despite the small amount of money involved, the electorate demanded very strict political ethics.

13. (C) Yachi emphasized that despite the severe judgment on the Abe Administration evident in the elections, PM Abe would maintain his foreign policy strategy. He added that the majority of Japanese supported Abe's security and foreign policies, including some within the DPJ such as Representatives Maehara and Nagashima. Regarding extension

of the Anti-Terror Special Measures law authorizing the Indian Ocean refueling mission, some in the DPJ support it, but the DPJ as a whole is against its extension. Yachi said that extending the law, which expires November 1, will be "politically very difficult." Yachi explained that with the ruling coalition's two-thirds majority in the Diet's Lower House, extension of the law would take place after sixty days even if the Upper House fails to act. (Note: The Japanese Constitution allows the Lower House to consider a bill as rejected by the Upper House if the Upper House fails to act within 60 days. The legislation then returns to the Lower House, where the law can be passed with a two-thirds majority, thereby overruling the Upper House's assumed rejection.) The DPJ was not of one mind in opposing the extension, Yachi said, but timing could be difficult. Even though PM Abe intends to begin the Diet session as soon as possible, the Special Measure extension cannot be dealt with immediately, since other Diet business, such as interpellation of the Prime Minister takes precedence. Extension may come after November 1, Yachi stated, and could create a "gap of ten to twenty days" in Japan's logistic support in the Indian Ocean.

#### Foreign Policy Priorities

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¶4. (C) Yachi noted that PM Abe's foreign policy priorities included having five countries -- the U.S., Japan, China, Russia, and India -- take more responsibility for the maintenance of peace and stability in Asia. He cited three major areas of importance: 1) maintaining and strengthening the U.S.-Japan alliance; 2) strengthening Japan's ties with India and Russia; and 3) strengthening Japan's ties with its neighbors, especially China and the ROK. A second priority

was to strengthen partnerships with countries on the margins of the Eurasian continent, the "arc of freedom and prosperity" running from the Nordic countries through the Baltic, Eastern Europe, the Middle East, Central Asia, South Asia, and to Mongolia. Japan did not see itself as leading this partnership but, as Yachi described, a "co-runner in a marathon." He emphasized Japan's contribution would provide economic assistance, not military power. The Deputy Secretary observed that the U.S. concept of strengthening relations with the countries of central Asia might be complimentary to what Yachi described. He noted that Secretary Rice had talked of having those countries turn more towards a North-South axis, instead of relying primarily on their traditional ties with Russia. The Deputy Secretary noted the possibility of projects linking central Asian countries to India and Pakistan, e.g., linking electrical grids and creating markets for central Asian gas, alternative to Russia.

¶5. (C) PM Abe's third foreign policy emphasis involved several diplomatic items: North Korean missiles, the abduction issue (Japan's number one priority, Yachi noted), the Northern Territories problem, where discussions with Russia were already underway, and UNSC reform. On the latter issue, Yachi noted the GOJ appreciated the U.S. consistent support for Japanese membership on the council, but suggested that "we made need some more flexibility" on reform, i.e., something other than the G-4 proposal. Turning to climate change, Yachi noted PM Abe's proposal made in Germany and said Abe looked forward to promoting this idea at the G-8 meeting in Hokkaido next year.

¶6. (C) Yachi also emphasized the need for a stable diplomatic balance among countries in the region, noting that Japan supported ASEAN 3 the EAS, APEC, and stronger bilateral ties with Australia. The planned September bilateral meeting and trilateral breakfast during APEC would provide good opportunities for Prime Minister Abe to discuss regional cooperation with President Bush, Yachi noted.

¶7. (C) Turning to security issues, Yachi said the GOJ wished to "accelerate" realignment of U.S. bases in Japan. On the subject of collective self-defense, he noted creation

of an experts group that would issue a report in September or October. In response to the Ambassador's question about whether the Upper House elections would affect that process, VFM Yachi replied that it would and that the issue would become more contentious. The Ambassador also asked if the collective security issue might put at risk the LDP's coalition with Komeito. Yachi replied it was difficult to say; if Abe were able to consolidate his political base he could obtain Komeito acquiescence, but if Abe's position continued to weaken it would be difficult to get Komeito support.

18. (C) Yachi mentioned Japan's plan to establish a national security council, noting a bill was already in the Diet and the government would seek enactment in the fall. Yachi said the proposed NSC would have 5 members -- the Prime Minister, the Chief Cabinet Secretary, Defense Minister, Foreign Minister, "maybe" a National Security Advisor, and a small secretariat lead by a secretary-general. VFM Yachi also said

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that Japan needed a law covering peace-keeping operations (PKO). So far the government had enacted special measures for participation in Iraq and Afghanistan. Japan needed a general law, he pointed out, authorizing the government to decide at any time when Japan should participate in PKOs, noting such a law would be sought next year.

U.S.-Japan Alliance

19. (C) The Deputy Secretary emphasized that our alliance with Japan remained the cornerstone of our posture in Asia. He said it was reassuring to hear Yachi's comments that despite the election, Japan shared that view and was committed to strengthening the alliance. VFM Yachi said the U.S.-Japan alliance was indispensable, particularly given the security environment with North Korea and a Chinese military buildup without sufficient transparency. He noted the GOJ would continue to support realignment of U.S. forces in Japan and missile defense cooperation. Yachi noted the good

channel of communication provided by Ambassador Schieffer, adding that he hoped the Deputy Secretary would also take a leadership role in "paying more attention to Japan." Yachi noted PM Abe's upcoming visit to India, Indonesia, and Malaysia from August 19-26 and his September 8-9 attendance at APEC, noting that planned official visits to Australia and New Zealand had had to be canceled this time in order for PM Abe to return quickly to the Diet session. Yachi said the GOJ wished to have a Japan-U.S. summit of 30-40 minutes at APEC and a Japan-U.S.-Australia trilateral breakfast meeting also at the leaders' level. He noted President Bush's invitation to PM Abe and his wife to visit Crawford next year and said they were both very interested in doing so.

Information Security

110. (C) Yachi turned to the issue of strengthening information security, an issue of great importance. He noted we had agreed on the substance of a General Security of Military Information Agreement (GSOMIA) and that the GOJ hoped to sign the agreement next week. The Ambassador confirmed he would be available and be pleased to sign the agreement. DG Nishimiya said that the initial Bilateral Information Security Task Force (BISTF) meeting had not been conclusive, but the GOJ had now done its "homework" and was making progress. He was very hopeful final agreement could be reached in the afternoon. The Ambassador observed that we were making substantial progress in this bilateral, multi-agency effort, which was moving in the right direction. The Deputy Secretary said improved protection of classified information will lead to better use of sensitive information and increase the amount of information shared.

Japan's Ties with China

¶11. (C) Stepping up cooperation and increasing mutually beneficial ties with China would continue to be a cornerstone of Japan's foreign policy, Yachi noted. Yachi noted that PM Abe's visit to China as well as PM Wen's visit to Japan had provided "good direction" and that Japan-China relations were in "good shape," even though some problems continued to exist. Prime Minister Abe was seeking to boost environmental cooperation with China in bid to reduce pollution, mitigate the water supply shortage, and increase energy efficiency, noting Japanese energy efficiency is ten times higher than China's. Nuclear energy is another area for future cooperation, Yachi said. PM Abe's efforts to improve relations were an important step forward, but stumbling blocks such as the dispute over joint energy development in the East China Sea continued to impede relations.

¶12. (C) Japanese political leaders were facing strong domestic political pressure to begin drilling for gas in disputed waters in the East China Sea but remain reluctant due to fears of Chinese military intervention, Yachi stated. China was only willing to agree to small-scale development because it is aiming to develop a larger area for its exclusive use, Yachi explained. China used a similar strategy when negotiating a joint development agreement with other countries, such as in the Spratly Islands, Deputy Secretary Negroponte noted. Japan was willing to resolve the

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dispute via international arbitration but China opposed that option.

Taiwan  
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¶13. (C) Turning to Taiwan, China remains suspicious of Chen Shui-bian and is increasingly concerned over his aims for Taiwanese independence, Deputy Secretary Negroponte noted. Yachi agreed it was important to discourage Taiwan from taking unilateral action in a bid to achieve independence. Beijing was not just simply posturing, Yachi emphasized, but seriously worried about cross-strait relations. Chinese Ambassador to Japan Wang Yi mentions Taiwan every time he calls on the phone, Yachi said. Yachi remarked that Beijing had excellent intelligence operatives in Taiwan and was aware of every move Japanese politicians make concerning cross-strait relations.

¶14. (C) Japan stands by its 1972 Joint Declaration with China, respects and understands that Taiwan is an integral part of China, and will not change that stance, Yachi stated. Japan has told Taiwan that Tokyo opposes its UN bid. Japan supports a peaceful resolution of the Taiwan question and is against unilateral action by any party to change the status quo. The Deputy Secretary agreed that the cross-straits dispute needed to be settled by peaceful means and stated the U.S. does not support Taiwan's independence referendum.

¶15. (U) August 3, 2007; 10:30; Tokyo, Japan.

¶16. (U) Meeting Participants:

U.S.  
Deputy Secretary Negroponte  
Ambassador Schieffer  
Deputy Assistant Secretary David Sedney, Dept of Defense  
James Zumwalt, Director of Japan Affairs, Dept of State  
Kaye Lee, Special Assistant  
Ted Wittenstein, Special Assistant  
James Pierce, A/POL, US Embassy (Notetaker)  
Mary Wilson, Second Secretary, US Embassy (Notetaker)

Japan  
Shotaro Yachi, Vice-Minister for Foreign Affairs  
Shinichi Nishimiya, Director-General, North American Affairs Bureau  
Junichi Ihara, Councilor, Asian and Oceanian Affairs Bureau  
Nobukatsu Kanehara, Director, Policy Coordination Division

Takeo Mori, Director, First North America Division  
Masahiro Mikami, Assistant to Vice-Minister for Foreign  
Affairs  
Mr. Miyamoto, Principal Deputy Director, National Security  
Policy Division  
Mr. Yoshitake, Deputy Director First North America Division  
Mr. Fukushima, Official, First North America Division  
SCHIEFFER